



Introduction

Background Information

The House Select Committee on Vendor Contracting initiated legislation in 1998 to study current state social service contracting practices after concerns were raised about misuse of funds by nonprofit entities. The legislation directed the Office of Financial Management (OFM) to convene a nine-member Task Force on Agency Vendor Contracting Practices and provide recommendations to the Legislature by November 1999.

After review of the Task Force report by the Legislature, OFM was authorized in July 2000 to implement some of the recommendations of the task force. Publishing client service contract guidelines was one of the key recommendations the Legislature chose to implement.

The guidelines have been prepared with the involvement of state agency staff from multiple agencies that have extensive knowledge of individual client service programs. In contracting for client services, contract managers are encouraged to employ the principles and practices in these guidelines to promote programmatic and fiscal accountability while meeting the needs of agency clients.

Intent

Today's delivery of client services often involves complex partnerships among public, private, and nonprofit organizations. For example, a particular program may use a combination of federal, state, and local government financial and non-financial resources. In addition, client service contracts represent a significant portion of the state's contract expenditures. It is imperative, therefore, that state agencies utilize an effective, efficient approach to client service contracting. The intent of this "Guide to Client Service Contracting" is to recognize such realities and provide a resource for state agency staff to use to promote effective client service contract management and accountability for the public funds entrusted to them.

The guidelines are intended to provide guidance to state agencies in the client service contracting process, but not to set minimum standards. The information represents good business practices related to client service contracts but does not direct or mandate agency activities. The guidelines should be used as a tool for state agency staff involved in the administration, management and oversight of client service contracts as defined in the next section.

For the purpose of these guidelines, the term "contract managers" will be used to mean any staff involved in the contracting process (e.g. contract specialists, program

managers, state agency executives, etc.). The words contract, agreement, and memo of understanding will be considered synonymous.

Who Is a Client?

Client services are defined in RCW 39.29.006(2) as: services provided directly to agency clients including, but not limited to, medical and dental services, employment and training programs, residential care, and subsidized housing.

Clients are those individuals the agency has statutory responsibility to serve, protect, or oversee. Clients are members of the public, external to state government, who have social, physical, medical, economic, or educational needs. These individuals may require government assistance to meet their needs. For example:

- ≠ Clients of the Department of Social and Health Services include nursing home patients, institutionalized individuals, or children in need of therapy.
- ≠ Clients of the Employment Security Department include unemployed and displaced workers and veterans.
- ≠ Clients of the Department of Health include children who need vaccinations.
- ≠ Clients of the Department of Veterans Affairs include disabled veterans and widows of veterans.
- ≠ Clients of the Office of Community Development include homeless individuals and crime victims.
- ≠ Clients of the Office of Superintendent of Public Instruction include K-12 public school students, and students at the institutions of higher education are their clients.

In accordance with the definition in statute above, the contractor must provide **direct** services to agency clients for the contracts to be classified as client service contracts. Direct service means the contractor is in direct contact with individual clients as part of providing the client service.

Contracts for development of programs or media campaigns which will ultimately benefit the client, but which, under the contract scope, do not currently provide a direct service to the client, are not considered client service contracts. For example, development of a training curriculum that would ultimately be offered to clients is not a client service contract. The contract that provides the training to the client is the client service contract.

For some state agencies, where identifying clients is more difficult, it may help to review the agency's implementing statute in the Revised Code of Washington where the mission and duties of the agency are set forth.

Typically, clients are not considered to be:

- J Providers of services (for example, if a state agency contracts with a trainer to provide training to contractors of counseling services, the contract with the trainer is not client services).
- J State agency staff (state agencies that only serve other state agency staff do not have any client service contracts).

- J · Businesses (when state agencies are contracting to assist businesses to increase business opportunity and earn more money, those services are not considered to be client services).

Other Types of Contracts

Client service contracts, which respond to the needs of an often-vulnerable clientele, are not subject to the same solicitation and filing requirements as other types of state contracts. Therefore, this document does not include personal services, purchased services and interagency/intergovernmental contracts, as follows:

- ## Personal services are professional or technical services provided by a consultant to accomplish a specific study, project, task, or other work statement. These contracts are governed by RCW 39.29, which includes specific requirements regarding competitive solicitation, filing, and reporting of contracts to the Office of Financial Management. For more information on these contracts, the Guide to Personal Service Contracting is available at <http://www.ofm.wa.gov/psc/psctoc.htm>.
- ## Purchased services are services provided by a vendor to accomplish routine, continuing and necessary functions. These services tend to be more repetitive and mechanical in nature with the contractor following established or standardized procedures. Purchased services are under the statutory authority of the Department of General Administration, Office of State Procurement (OSP), the Department of Information Services (DIS), and the Information Services Board (ISB). For guidelines on purchased service contracts governed by RCW 43.19, the current OSP Delegation of General Authorities document is available at <http://www.ga.wa.gov/pca/regulat.htm>. Purchased service contracts for information technology are governed by RCW 43.105 and are covered under the current DIS Information Technology Investment Standards document available at <http://www.wa.gov/dis/index.htm>.
- ## Interagency/intergovernmental agreements, defined in RCW 39.34, are contracts between any agency, political subdivision, or unit of local government of this state including, but not limited to, municipal corporations, quasi municipal corporations, special purpose districts, and local service districts; any agency of the state government; any agency of the United States; any Indian tribe recognized as such by the federal government; and any political subdivision of another state. These contracts also do not require competitive solicitation.

Agencies may also have other types of agreements or applications that are not defined as client service contracts and thus would not be included in the scope of these guidelines.

Questions about these Guidelines

Questions about client service contracts should be directed to your agency contracting staff. For further clarification, or to provide suggestions on these guidelines, contact the Office of Financial Management, at OFM.Contracting@ofm.wa.gov. The guidelines will be updated as needed by the Office of Financial Management. These guidelines are also located electronically on the Office of Financial Management home page at <http://www.ofm.wa.gov>.

Guiding Principles

Accountability

Contract managers are accountable for ensuring that cost-effective, quality services are provided to agency clients by contractors. Responsibility for contract management and monitoring should be assigned to specific state staff. Contractors entrusted with handling public resources are also accountable for using those resources efficiently, economically, and effectively.

Fiscal responsibility

Contract managers are responsible for ensuring that public funds are handled properly and in compliance with laws and regulations.

Compliance

Contract managers entrusted with public resources are responsible for complying with applicable laws and regulations. That responsibility includes identifying the requirements with which the state agency and contractor must comply and implementing systems designed to achieve compliance.

Collaboration

Delivery of client services is often a collaborative effort between the state, contractors, and other agencies.

Qualified contractors

Contract managers need to employ flexible business practices to encourage the participation of qualified contractors who can provide timely, quality client services and meet fiscal management expectations.

Subject matter consultation

Contracts are often complex financial transactions requiring specific expertise in many areas. Contract managers are encouraged to consult with both internal and external “subject matter experts” to gain further information about specific topics of the client service contracting process, such as accounting or auditing.

Oversight

Contract managers are responsible for monitoring contractor performance to ensure compliance with funding and contract requirements, and to take action in the event of noncompliance.

Leadership and guidance

Contract managers should provide leadership, policy direction, training and/or technical support to agency and contractor staff as needed to ensure effective and efficient management of client service contracts. State agencies should continually assess whether the contract management process remains effective and efficient.